

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JACKSON COUNTY RURAL ELECTRIC
COOPERATIVE CORPORATION

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CASE NO. 97-381

ALLEGED VIOLATION OF COMMISSION
REGULATIONS 807 KAR 5:006 AND 807 KAR
5:041

O R D E R

Jackson County Rural Electric Cooperative Corporation ("Jackson RECC"), a Kentucky corporation which engages in the distribution of electricity to the public for compensation for lights, heat, power, and other uses, and which was formed under KRS 279.010 to 279.220, is a utility subject to Commission jurisdiction. KRS 278.010; KRS 279.210.

KRS 278.280(2) directs the Commission to prescribe rules and regulations for the performance of services by utilities. Pursuant to this statutory directive, the Commission promulgated 807 KAR 5:041, Section 3, which requires electric utilities to maintain their plant and facilities in accordance with the standards of the National Electrical Safety Code (1990 Edition) ("NESC"). The Commission has also promulgated 807 KAR 5:006, Section 24, which requires each utility to adopt and execute a safety program. Jackson RECC has executed such a safety program, and has adopted the "Safety Manual for an Electric Utility" as produced by the American Public Power Association as its safety manual.

Commission Staff has submitted to the Commission a Utility Accident Investigation Report dated August 23, 1996, appended hereto, which alleges:

1. On August 20, 1996, Gary Wayne Williams, age 20, was injured while he and other employees of Pike Construction Company were setting poles near Gray Hawk, Kentucky.

2. At the time of the incident, Mr. Williams and other employees of Pike Construction Company were acting pursuant to a construction contract with Jackson RECC.

3. Mr. Williams and other employees were involved in the process of adding a pole in line. The equipment operator, Mr. Harold Creech, was lifting a pole to be placed in line. The pole hardware, including the grounds, were in place on the pole. As the pole was being lifted by the rope harness, the lower ground wire, "pig-tail," caught on a tree limb and was extended approximately 10 to 12 inches from the pole. In attempting to clamp the boom jaws to the pole, the clamps did not engage the pole correctly which caused the top of the pole to make contact with the 7200 volt phase. The bottom of the pole kicked back causing Mr. Williams to make contact with the ground wire at the bottom of the pole and the digger truck.

The contact of the extended ground wire at the top of the pole with the 7200 volt phase represents a probable violation by Jackson RECC of NESC, Section 422:A(1) which requires precaution be taken against contact with the energized conductors when setting a pole.

Also, Jackson RECC's Safety Manual, Section 6, paragraph 619(d)(4) states that:

d) While setting or removing poles between or near conductors energized above 600 volts, observe the following:

4) Ground wires shall not be attached on the pole higher than 10 feet from the ground.

Based on its review of the Utility Accident Investigation Report, and being otherwise sufficient advised, the Commission finds that prima facie evidence exists that as a result of the failure to avoid the direct contact of the pole to the energized lines and the placement of the ground wire on the pole, Jackson RECC is in probable violation of 807 KAR 5:006, Section 24, and 807 KAR 5:041, Section 3.

The Commission, on its own motion, HEREBY ORDERS that:

1. Jackson RECC shall submit to the Commission, within 20 days of the date of this Order, a written response to the allegations contained in the Utility Accident Investigation Report and this Order.

2. Jackson RECC shall appear before the Commission on November 5, 1997, at 10:00 a.m., Eastern Standard Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, for the purpose of presenting evidence concerning the alleged violations of 807 KAR 5:006, Section 24, and 807 KAR 5:041, Section 3, and of showing cause why it should not be subject to the penalties prescribed in KRS 278.990(1) for its alleged failure to comply with Commission regulations.


3. The Utility Accident Investigation Report of August 23, 1996, a copy of which is appended hereto, is hereby made a part of the record of this proceeding.


4. Any motion requesting an informal conference with the Commission Staff to consider any matter which would aid in the handling or disposition of this proceeding shall be filed with the Commission no later than 20 days from the date of this Order.

Done at Frankfort, Kentucky, this 22nd day of September, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

AN APPENDIX TO AN ORDER OF THE PUBLIC SERVICE COMMISSION
OF KENTUCKY IN CASE NO. 97-381 DATED 9/22/97

November 15, 1996


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UTILITY ACCIDENT INVESTIGATION REPORT

Utility:	Jackson County Rural Electric Cooperative Corporation				
Reported By:	Mr. Gary Farmer, Director of Human Resources				
Dates & Times					
Accident Occurred:	08/20/96 - 4:05 p.m.				
Utility Notified:	08/20/96 - 4:10 p.m.				
PSC Notified:	08/20/96 - 5:02 p.m.				
Investigated:	08/21/96 and 08/23/96				
Written Report Rcvd:	08/23/96				
Location of Accident:	Clifton Lane off Jackson County High School Road in Gray Hawk, Kentucky				
Description of Accident:	The equipment operator, Mr. Harold Creech, was lifting a pole to be placed in line. The lower ground wire, "pig-tail", caught on a limb and extended out approximately 12". Rodney McIntosh and the victim, Gary Williams, were guiding the bottom of the pole. The pole ground wire made contact with the 7200 Volt phase. The bottom of the pole kicked back causing Gary Williams to make contact with the ground wire at the bottom of the pole and the digger truck.				
Victims:					
Name:	Gary Wayne Williams	Fatal:	No	Age:	20
Addr./Empl.:	Highway 421, Box 307, McKee, Kentucky/Pike Construction Company				
Injuries:	Third degree burn to right arm and side and a burn on his stomach.				
Witnesses:	Name	Address/Employment			
	Harold Creech	Pike Construction Company			
	Tim Collins	Pike Construction Company			
	Rodney McIntosh	Pike Construction Company			
Sources of Information:	Name	Address/Employment			
	Harold Creech	Pike Construction Company			
	*See statement by Mr. Creech included in accident report.				

November 15, 1996

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Probable Violations:	NESC Rule 422.A and Jackson County RECC's Safety Manual for an Electric Utility: Section 6, Overhead Distribution and Transmission 619(d)(4). Setting and Removing Poles.				
Line Clearances At Point of Accident:	Measured	Minimum Allowed by NESC	Applicable NESC Edition¹ 1990	Volt.	Constr. Date
Primary:	25' - 1"	14' - 6"	Table 232-1	7200	08/20/96
Neutral:	21' - 1"	9' - 6"	Table 232-1	N/A	08/20/96
Date of Measurement:	08/21/96				
Approximate Temp.:	90° F				
Measurements Made By:	Terry Isaacs and Lannie Wilson, Jackson County RECC and Robert Ueltschi, PSC				
Investigated By:	Robert Ueltschi				
Signed:					

- Attachments
- A. Jackson County RECC's Accident Report
 - B. Distribution Line Extension Construction Contract
 - C. Photographs of Accident Site

¹ Current edition adopted by the Commission. If clearances are not in compliance with the current edition, then the edition in effect when the facilities were last constructed or modified would apply.

Attachment A

Jackson County RECC's Accident Report

Jackson County Rural Electric Cooperative Corporation
McKee, Kentucky 40447

August 23, 1997

Ms Martha Morton
Public Service Commission
730 Schenkel Lane
P O Box 615
Frankfort Ky 40602

Re: Gary Wayne Williams, Employee of
Pike Construction Company
Contractors for Jackson County RECC
Date of Accident - 08/20/96

Dear Ms Morton:

With reference to the above accident of Gary Wayne Williams, employee of the Pike Construction Company and Contractors for Jackson County RECC, please find enclosed the following:

1. A completed Investigation Report of Electrical Contact.
2. A copy of the Code Requirements.
3. A copy of the Staking Sheet.
4. A written statement of the accident from Foreman, Harold Creech.
4. Picture of the scene of accident.

This accident was reported to you at approximately 4:55 P.M. on August 20, 1996 by Gary Farmer, Director of Human Resources.

U.S. Highway 421 South
P.O. Box 307
(606) 287-7161

Ms Morton

-2-

August 23, 1996

Should you have any questions or need additional information, please let us know.

Respectfully yours,

JACKSON COUNTY RURAL ELECTRIC
COOPERATIVE CORPORATION

A handwritten signature in cursive script that reads "Gary D. Farmer". The signature is written in dark ink and is positioned above the printed name and title.

Gary D. Farmer,
Director of Human Resources

GDF:omc

Enclosure

FEDERATED RURAL ELECTRIC
INSURANCE CORPORATION
P. O. Box 15147
Shawnee Mission, KS 66215
(913) 541-0150

INVESTIGATION REPORT
PUBLIC ACCIDENT
ELECTRICAL CONTACT

INSTRUCTIONS:
1. Forward original to Federated
2. Attach diagram & photographs
3. Use additional sheets of paper
if necessary

COOPERATIVE: Name Pike Construction Company Telephone No. 606/287-7161
Contractors for Jackson County RECC
Address
Hwy 421 Box 307, McKee, Ky 40447

DATE OF ACCIDENT: 08/20/96 4:05 (PM) AM Cooperative 08/20/96 4:10 (PM) AM

LOCATION: Clifton Lane off Jackson County High School Rd, Gray Hawk, Ky

DESCRIPTION OF ACCIDENT: See Attached

CLAIMANTS: Name Address Telephone No. Occupation
1. Gary Wayne Williams P O Box 425, Booneville, Ky 41314 Groundman
2. _____
3. _____
4. _____

EXTENT OF INJURY: 1. 3rd degree burn to right arm & side and lesser degree burn to stomach.
2. _____
3. _____
4. _____

TREATMENT: Ambulance, Doctor, Hospital, Etc.
Jackson County Ambulance transported to Marymount Hospital in London, Ky-
Emergency Room. Minor treatment & stabilized-Dr. Clifton.
Then transferred to U.K. Burn Center in Lexington, Ky - Dr. Tim Wilson

COOPERATIVE EMPLOYEES AT SCENE: Name Job Title
Oscar McQueen Utility Crew Leader
Larry Collins Right-of-Way Foreman
Mike Gabbard Construction Trainee

WITNESSES: Name (Pike Construction Crew) Address Telephone No.
Harold Creech, Foreman
Tim Collins, Lineman, P O Box 351 Mildred Rd, McKee, Ky 606/364-3183
Rodney McIntosh, Groundman, P O Box 223, Booneville, Ky 606/593-6559

LAW OR OTHER OFFICIALS INVESTIGATING: Bob Ueltschi - PSC

WEATHER AND
TERRAIN
CONDITIONS:

Weather: Clear, Sunny 90°

Terrain: Yard next to house with slight bank where pole was being set.

SYSTEM
PROFILE:

Voltage--type & size conductor--type pole structures--etc.

7200 Volt Single Phase Line, A-1 Pole Structure

Conductor: Primary #4 ACSR

Neutral #4 ACSR

PROTECTIVE
DEVICES

Type	Location	Rating	Did they operate?
OCR	US Hwy 421	35H	No

DID OUTAGE
OCCUR?

Yes (NO)	Date / /	Time AM PM	Duration

WAS COOPERATIVE

NOTIFIED OR AWARE OF WORK IN THE AREA EXPLAIN: Yes, Contract work had been scheduled and was being performed.

CLEARANCES: Prepare and attach a diagram. It need not be to scale but the measurements must be accurate. If clearances are reduced because of the accident, measurement and photographs are needed before returning to original condition. Document what caused the reduced clearance, such as broken pole or guy wire, construction equipment, etc. Reference distances to point of impact.

CODE REQUIREMENTS

FOR LINE IN QUESTION: See attached copy of NESC

AGENCY INVOLVED: Antenna, auger, crane, construction equipment, etc. Give measurements, make, model, or serial number. Describe any warning signs.

Ground wire on new pole being set in line.

ADDITIONAL
COMMENTS:

Gary Farmer, upon notification by Operation's Manager Lee Dunsil at Approx. 4:35 P.M., began along with Mr. Dunsil to gather information concerning the accident. At approx. 4:55 P.M. Gary called Martha Morton at the Public Service Commission to report the accident and the known details.

Gary Farmer, Lee Dunsil and Construction/Maintenance Supervisor Bill Halcomb discussed and made the recommendation to Pike Construction Supervisor that pole grounds should not be placed more than halfway up poles set in line and also that they should use pole guards on those poles to cover in those situations.

We will review this accident with our employees at Safety Meeting next week.

PREPARED BY:

Gary D. Farmer
Signature

Director of Human Resources/08 /21/96 (606) 287-7161

Job Title

Date

Telephone No.

Description of Accident

Contract crew was in the process of adding a pole in line. They had attached the pole hardware, including the pole and neutral grounds to the pole while it was on the ground. The ground wires were "pig-tailed" (wound in a circular manner) near the neutral bracket and the base of the pole top insulator bracket on the pole.

The crew had grounded their trucks and had placed rubber hoses on the line where the pole was to be set.

As the Equipment Operator, Foreman Harold Creech, began to lift the pole with the rope harness tied to the pole, the lower ground wire "pig-tail" caught on a small limb on the near by tree and became extended approximately 10 to 12 inches. (This was not noticed until after the incident).

When they had the pole nearly upright, the two groundmen, Rodney McIntosh and the victim, Gary Williams took hold of the bottom end of the pole to help steady and guide it toward the hole. They were both wearing rubber gloves and rubber overshoes.

Foreman Creech had pulled the pole up with the rope hoist on the boom and was attempting to clamp the jaws on the end of the boom around the pole. The pole was evidently not all the way into the jaws and when they began to close they pushed the pole out away from the jaws instead of pulling it into them. This caused the top of the pole to extend out past the rubber hoses and the ground wire which had gotten pulled out from the pole 10 to 12 inches to make contact with the phase wire. At the same time the top of the pole was pushed out it also caused an opposite effect to the bottom of the pole. The bottom end pushed quickly backward towards Gary Williams causing him to make contact with the pole ground wire and the corner of the digger truck at the same time resulting in the burn.

When this occurred he was knocked down from the shock and the burn and he stopped breathing. The Foreman, Harold Creech, after quickly securing the pole away from the line, ran to Mr. Williams, along with RECC Employee Larry Collins who was at the scene performing some right-of-way work with an RECC Crew near-by. They immediately began rescue breathing and CPR and quickly resuscitated the victim. An ambulance was immediately called and was on the scene within 10 to 15 minutes of the accident to transport the victim to Marymount Hospital in London, Ky.

Table 232-1

FT

Vertical Clearance of Wires, Conductors, and Cables Above Ground, Roadway, Rail or Water Surfaces^{②③}

(Voltages are phase to ground for effectively grounded circuits and those other circuits where all ground faults are cleared by promptly de-energizing the faulted section, both initially and following subsequent breaker operations.)

See the definitions section for voltages of other systems. See Rules 232B1, 232C1a, and 232D4.)

Nature of surface underneath wires, conductors, or cables	Insulated⑩ communication conductors and cable; messengers; surge-protection wires; grounded guys; neutral conductors meeting Rule 230E1; supply cables meeting Rule 230C1 (ft)	Noninsulated communication conductors; supply cables of 0 to 750 V meeting Rules 230C2 or 230C3 (ft)	Supply cables over 750 V meeting Rules 230C2 or 230C3; open supply conductors, 0 to 750 V (ft)	Open supply conductors, over 750 V to 22 kV (ft)	Trolley and electrified railroad contact conductors and associated span or messenger wires①	
					0 to 750 V to ground (ft)	Over 750 V to 22 kV to ground (ft)
Where wires, conductors, or cables cross over or overhang						
1. Track rails of railroads (except electrified railroads using overhead trolley conductors)②④⑥	23.5	24.0	24.5	26.5	22.0④	22.0④
2. Roads, streets, and other areas subject to truck traffic②	15.5	16.0	16.5	18.5	18.0③	20.0③
3. Driveways, parking lots, and alleys	15.5⑦③	16.0⑦③	16.5⑦	18.5	18.0③	20.0③
4. Other land traversed by vehicles, such as cultivated, grazing, forest, orchard, etc.②	15.5	16.0	16.5	18.5	—	—
5. Spaces and ways subject to pedestrians or restricted traffic only③	9.5	12.0①	12.5①	14.5	16.0	18.0
6. Water areas not suitable for sailboating or where sailboating is prohibited②	14.0	14.5	15.0	17.0	—	—
7. Water areas suitable for sailboating including lakes, ponds, reservoirs, tidal waters, rivers, streams, and canals with an unobstructed surface area of⑦④③						
a. Less than 20 acres	17.5	18.0	18.5	20.5	—	—
b. Over 20 to 200 acres	25.5	26.0	26.5	28.5	—	—
c. Over 200 to 2000 acres	31.5	32.0	32.5	34.5	—	—
d. Over 2000 acres	37.5	38.0	38.5	40.5	—	—
8. Public or private land and water areas posted for rigging or launching sailboats	Clearance above ground shall be 5 ft greater than in 7 above, for the type of water areas served by the launching site					
Where wires, conductors, or cables run along and within the limits of highways or other road rights-of-way but do not overhang the roadway						
9. Roads, streets, or alleys	15.5③④	16.0③	16.5	18.5	18.0③	20.0③
10. Roads in rural districts where it is unlikely that vehicles will be crossing under the line	13.5⑩⑫	14.0⑩	14.5⑩	16.5	18.0③	20.0③

(continued on next page)

August 20
4:00 o'clock

Clifton Lane near Gray Hawk

Harold was operating line truck, raising pole to set it. Tip of pole went thru tree pulling circle ground away from pole. As we went on up with the pole, it started to swing toward the line and the piece of copper got hot energizing the pole and truck. Gary was between the pole and truck and sometime during this made contact with the truck resulting in burns on inside of arm, and up the right side of chest and stomach,

Harold Crunk

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American National Standard

Accredited
Standards
Committee

C2-1993

1993 NATIONAL ELECTRICAL SAFETY CODE



Published by
The Institute of Electrical and Electronics Engineers, Inc.
August 3, 1992

Footnotes for Table 232-1

FT

① Where subways, tunnels, or bridges require it, less clearance above ground or rails than required by Table 232-1 may be used locally. The trolley and electrified railroad contact conductor should be graded very gradually from the regular construction down to the reduced elevation.

② For wires, conductors, or cables crossing over mine, logging, and similar railways that handle only cars lower than standard freight cars, the clearance may be reduced by an amount equal to the difference in height between the highest loaded car handled and 20 ft, but the clearance shall not be reduced below that required for street crossings.

③ This footnote not used in this edition.

④ In communities where 21 ft has been established, this clearance may be continued if carefully maintained. The elevation of the contact conductor should be the same in the crossing and next adjacent spans. (See Rule 225D2 for conditions that must be met where uniform height above rail is impractical.)

⑤ In communities where 16 ft has been established for trolley and electrified railroad contact conductors 0 to 750 V to ground, or 18 ft for trolley and electrified railroad contact conductors exceeding 750 V, or where local conditions make it impractical to obtain the clearance given in the table, these reduced clearances may be used if carefully maintained.

⑥ This footnote not used in this edition.

⑦ Where the height of attachment to a building or other installation does not permit service drops to meet these values, the clearances over residential driveways only may be reduced to the following:

	(feet)
(a) Insulated supply service drops limited to 300 V to ground	12.5
(b) Insulated drip loops of supply service drops limited to 300 V to ground	10.5
(c) Supply service drops limited to 150 V to ground and meeting Rules 230C1 or 230C3	12.0
(d) Drip loops only of service drops limited to 150 V to ground and meeting Rules 230C1 or 230C3	10.0
(e) Insulated communication service drops	11.5

⑧ Where the height of attachment to a building or other installation does not permit service drops to meet these values, the clearances may be reduced to the following:

	(feet)
(a) Insulated supply service drops limited to 300 V to ground	10.5
(b) Insulated drip loops of supply service drops limited to 300 V to ground	10.5
(c) Supply service drops limited to 150 V to ground and meeting Rules 230C1 or 230C3	10.0
(d) Drip loops only of supply service drops limited to 150 V to ground and meeting Rules 230C1 or 230C3	10.0

⑨ Spaces and ways subject to pedestrians or restricted traffic only are those areas where riders on horseback, vehicles, or other mobile units exceeding 8 ft in height, are prohibited by regulation or permanent terrain configurations or are otherwise not normally encountered nor reasonably anticipated.

⑩ Where a supply or communication line along a road is located relative to fences, ditches, embankments, etc., so that the ground under the line would not be expected to be traveled except by pedestrians, the clearances may be reduced to the following values:

	(feet)
(a) Insulated communication conductor and communication cables	9.5
(b) Conductors of other communication circuits	9.5
(c) Supply cables of any voltage meeting Rule 230C1 and supply cables limited to 150 V to ground meeting Rules 230C2 or 230C3	9.5
(d) Insulated supply conductors limited to 300 V to ground	12.5
(e) Guys	9.5

⑪ No clearance from ground is required for anchor guys not crossing tracks, rails, streets, driveways, roads, or pathways.

⑫ This clearance may be reduced to 13 ft for communication conductors and guys.

⑬ Where this construction crosses over or runs along alleys, driveways, or parking lots, this clearance may be reduced to 15 ft.

⑭ This footnote not used in this edition.

⑮ This footnote not used in this edition.

⑯ Adjacent to tunnels and overhead bridges that restrict the height of loaded rail cars to less than 20 ft, these clearances may be reduced by the difference between the highest loaded rail car handled and 20 ft, if mutually agreed to by the parties at interest.

⑰ For controlled impoundments, the surface area and corresponding clearances shall be based upon the design high-water level. For other waters, the surface area shall be that enclosed by its annual high-water mark, and clearances shall be based on the normal flood level. The clearance over rivers, streams, and canals shall be based upon the largest surface area of any 1-mi-long segment that includes the crossing. The clearance over a canal, river, or stream normally used to provide access for sailboats to a larger body of water shall be the same as that required for the larger body of water.

⑱ Where an overwater obstruction restricts vessel height to less than the applicable reference height given in Table 232-3, the required clearance may be reduced by the difference between the reference height and the overwater obstruction height, except that the reduced clearance shall be not less than that required for the surface area on the line-crossing side of the obstruction.

⑲ Where the US Army Corps of Engineers, or the state, or surrogate thereof has issued a crossing permit, clearances of that permit shall govern.

⑳ See Rule 2341 for the required horizontal and diagonal clearances to rail cars.

㉑ For the purpose of this rule, trucks are defined as any vehicle exceeding 8 ft in height. Areas not subject to truck traffic are areas where truck traffic is not normally encountered nor reasonably anticipated.

㉒ This footnote not used in this edition.

㉓ This footnote not used in this edition.

㉔ Communication cables and conductors may have a clearance of 15 ft where poles are back of curbs or other deterrents to vehicular traffic.

㉕ The clearance values shown in this table are computed by adding the applicable Mechanical and Electrical (M&E) value of Table A-1 to the applicable Reference Component of Table A-2a of Appendix A.

Attachment B

Distribution Line Extension Construction Contract

PROPOSAL

TO:

JACKSON COUNTY RURAL ELECTRIC COOPERATIVE CORPORATION
(hereinafter called the "Owner").

ARTICLE 1--GENERAL

Section 1--Offer to Construct. the undersigned (hereinafter called the "Contractor") hereby proposes to construct for the prices hereinafter stated, with materials furnished by the Owner, the rural electric project, Contract Labor Requirements September 12, 1994 thru December 31, 1995 (hereinafter called "Project") in strict accordance with the Plans, Specifications, and Construction Drawings hereinafter referred to. The Contractor understands and agrees that the Project will consist of line extensions and additions and line changes or similar work usually associated with overhead or underground distribution system improvement or extension work all located within the area served or ultimately to be served by the Owner and that the exact location and scope of individual sections of the Project (hereinafter called "Work Orders") will be made known to the Contractor from time to time as provided in Article II, Section I hereof.

Section 2--Additional Projects. From time to time the Owner and the Contractor may enter into negotiations for the performance of work at labor prices which may differ from those in the Proposal (such work being hereinafter called "Additional Projects"). Except as may otherwise be agreed upon in writing by the Owner and the Contractor at the time the supplemental contract for the Additional Project is negotiated, the provisions of the Contract for the Project shall apply.

Section 3--Proposal on Unit Basis. The Contractor understands and agrees that the various Construction Units considered in this Proposal are defined by symbols and descriptions in this Proposal, that the Proposal is made on a unit basis, and that the Owner may specify, as provided in Article II, Section 1 hereof, any number or combination of Construction Units which the Owner, may deem necessary for the construction of the Project. If kinds of Construction Units for which prices are not established in this Proposal are necessary for the construction of the Project, the prices of such additional Units shall be as agreed upon in writing by the Owner and the Contractor prior to the time of installation. The unit prices herein set forth are applicable to work performed on unenergized or energized lines.

Section 4--Description of Contract. The Specifications and Construction Drawings set forth in:

REA Form 804, Specifications and Drawings for 7.2/12.5 kv Line Construction
REA Form 806, Specifications and Drawings for Underground Electric Distribution

as applicable, which by this reference are incorporated herein, together with the Contractor's Proposal and Acceptance constitute the Contract.

Section 5--Familiarity with Conditions. The Contractor acknowledges that it has made a careful examination of the site of the Project and of the Plans , Specifications and Construction Drawings, and has become informed as to the location and nature of the proposed construction, the transportation facilities, the kind and character of soil and terrain to be encountered, the kind of equipment, tools, and other facilities required before and during the construction of the Project and has become acquainted with the availability status of materials to be furnished by the Owner and with the labor conditions which would affect work on the Project.

Section 6--License. The Contractor warrants that a Contractor's License ~~(is)~~ (is not) required, and if (strike out one) required, it possesses Contractor's License No. _____ for the State of Kentucky in which the Project is located, and said License expires on _____, 19_____.

Section 7--Contractor's Resources. The Contractor warrants that it possesses adequate financial resources for the performance of the work covered by this Proposal and that it will provide necessary tools and equipment and a qualified superintendent and other employees.

ARTICLE II--CONSTRUCTION

Section 1--Time and Manner of Work. The Contractor agrees to be prepared to commence the construction of the Project on September 12, 1994 upon written notice by the Owner of acceptance of the Proposal. The Contractor agrees to commence construction of any given work order within a reasonable period of time acceptable to the Owner after receipt in writing from the Owner of the following:

- a. Location and number of the various Construction Units required for construction of the Section or work order (hereinafter called the "Staking Sheets").
- b. Itemized List of the materials required for the construction of the Section and an authorization by the Owner for the Contractor to obtain such materials from the Owner's warehouses located at McKee and/or London, Kentucky.
- c. A schedule showing the rate at which construction of the Section or work order shall proceed and the total number of calendar days (excluding Sundays) to be allowed for completion: provided, however, that the required completion time for any work order requiring new member service connection shall not be greater than five (5) days or a reasonable period of time acceptable to the Owner whichever is the greater, which days shall be calendar days (excluding Sundays). The time of the completion of the work order is of the essence of the contract to be affected by acceptance of this Proposal.
- d. A statement that all required easements and rights-of-ways have been obtained from the owner of the properties across which the work order is to be constructed (including tenants who may reasonably be expected to object to such construction).
- e. A statement that all necessary staking has been completed.
- f. A statement that all necessary funds for prompt payment for the construction of the work order will be available.
- g. Specific instruction as to location and extent of work to be performed on energized lines, if any.

The Contractor will not be required to dig holes, set poles, install anchors, install underground conduit, perform any plowing for the installation of underground cable, or dig trenches if there are more than six (6) inches of frost in the ground nor to perform any construction on such days when in the judgment of the Owner snow, rain, or wind or the results of snow, rain, or frost make it impracticable to perform any operations of construction; provided further that the contractor will not perform any plowing for the installation of underground cable on public roads or highways if there are more than two (2) inches of frost in the ground. To the extent of the time lost due to the conditions described herein and approved in writing by the Owner, the time of completion set out above will be extended. The time for completion shall be extended for a period of any reasonable delay (other than a delay resulting from the failure of the Contractor to secure sufficient labor) which is due exclusively to causes beyond the control and without the fault of the Contractor including acts of God, fires, floods, inability to obtain materials, direction of the Owner to cease construction as herein provided, and acts or omissions of the Owner with respect to matters for which the Owner is solely responsible. Provided, however, that no such extension of time for completion shall be granted the Contractor unless within ten (10) days after the happening of any event relied upon by the Contractor for such an extension of time the Contractor shall have made a written request therefor in writing to the Owner, and provided further that no delay in such time of completion or in the progress of the work which results from any of the above causes, except acts of omissions of the Owner, shall result in any liability on the part of the Owner.

Section 2--Change in Plans, Specifications and Drawings. The Owner may, from time to time during the progress of the construction of the Project, make such changes in, additions to, or subtractions from the Plans, Specifications, and Construction Drawing as conditions may warrant: Provided, however, that if the cost to the Contractor shall be materially increased by any such change or addition, the Owner shall pay the Contractor for the reasonable cost thereof in accordance with a construction contract amendment signed by the Owner and the Contractor, but no claim for additional compensation for any such change or addition will be considered unless the Contractor shall have made a written request therefor to the Owner prior to the commencement of work in connection with such change or addition.

Section 3--Supervision and Inspection.

- a. The Contractor shall cause the construction work on the Project to receive constant supervision by a competent superintendent (hereinafter called the "Superintendent") who shall be present at all times during working hours where construction is being carried on. The Contractor shall also employ, in connection with the construction of the Project, capable, experienced, and reliable foremen and such skilled workmen as may be required for the various classes of work to be performed. Directions and instructions given to the Superintendent by the Owner shall be binding upon the Contractor.
- b. The Owner reserves the right to require the removal from the Project of any employee of the Contractor if in the judgment of the Owner such removal shall be necessary in order to protect the interest of the Owner. The Owner shall have the right to require the Contractor to increase the number of his employees and to increase or change the amount or kind of tools and equipment if at any time the progress of the work shall be unsatisfactory to the Owner; but the failure of the Owner to give any such directions shall not relieve the Contractor of his obligations to complete the work within the time and in the manner specified in this Proposal.
- c. The manner of performance of the work, and all equipment used therein, shall be subject to the inspection, tests, and approval of the Owner. The Owner shall have the right to inspect all payrolls and other data and records of the Contractor relevant to the work. The Contractor will provide all reasonable facilities necessary for such inspection and tests. The Contractor shall have an authorized agent accompany the

inspector when final inspection is made and, if requested by the Owner, when any other inspection is made.

- d. In the event that the Owner shall determine that the construction contains or may contain numerous defects, it shall be the duty of the Contractor, if requested by the Owner, to have an inspection made by an engineer approved by the Owner for the purpose of determining the exact nature, extent, and location of such defects.

Section 4--Defective Workmanship. The Acceptance of any workmanship by the Owner shall not preclude the subsequent rejection thereof if such workmanship shall be found to be defective after installation, and any such workmanship found defective before final acceptance of the work or within one (one) year after completion shall be remedied or replaced, as the case may be, by and at the expense of the Contractor. In the event of failure by Contractor so to do, the Owner may remedy such defective workmanship and in such event the Contractor shall pay to the Owner the cost and expense thereof. The Contractor shall not be entitled to any payment hereunder so long as any defective workmanship, in respect of the Project, of which the Contractor shall have had notice, shall not have been remedied or replaced, as the case may be.

Section 5--Materials. At or prior to the commencement of construction of each work order, the Owner shall make available to the Contractor all materials for each work order which the Owner has on hand and from time to time as such additional deliveries of materials, if any, are received by the Owner, the Owner shall make such materials available to the Contractor. Provided, however, that the Contractor or his authorized representative will give to the Owner a receipt in such form as the Owner shall approve for all materials furnished by the Owner to the Contractor. The Contractor will return to the Owner or reuse in the construction of other assembly units all materials removed from the line under Section H Conversion Assembly Units and Section 1-Removal Assembly Units. Upon completion of each Section of the Project the Contractor will return to the Owner all materials, including usable materials as well as scrap, furnished by the Owner in excess of those required for the construction of the Section as determined from the Final Inventory approved by the Owner. The Contractor will reimburse the Owner at the current invoice cost to the Owner for loss and for breakage through Contractor's negligence of materials furnished by the Owner to the Contractor.

Section 6--Term of Contract. It is understood and agreed that, notwithstanding any other provisions of this Contract, the Contractor will not be required to commence any construction after the expiration of 16 months following acceptance of this Proposal by the Owner.

ARTICLE III--PAYMENT

Section 1--Payments to Contractor.

- a. Upon completion by the Contractor of the construction of a work order, the Contractor will prepare a Final Inventory of the work order showing the total number and character of construction Units and, will certify it to the Owner together with a certificate of the total cost of the construction performed. Upon the approval of such certificates, the Owner shall make payment to the Contractor of all amounts to which the Contractor shall be entitled thereunder which shall not have been paid.

- b. The Contractor shall be paid on the basis of the number of Construction Units actually installed or removed at the direction of the Owner, as shown by the Final Inventory based on the As Built Staking Sheet. It is also agreed that the Contractor shall not be entitled to any claim for damages on account of any reasonable additions to or subtractions from the Project, or of any delay occasioned thereby, or of any changes in the routing of the lines.
- c. No payment shall be due while the Contractor is in default in respect of the provisions of this Contract and the Owner may withhold from the Contractor the amount of any claim by a third party against either the Contractor or the Owner based upon an alleged failure of the Contractor to perform the work hereunder in accordance with the provisions of the Contract.

Section 2--Certificate of Contractor and Indemnity Agreement - Line Extensions. Upon the completion of construction of the Project but prior to payment to the Contractor of any amount in excess of 90 percent (90%) of the total cost of all Construction Units comprising the completed Project, the Contractor shall deliver to the Owner in the form attached hereto, (1) a certificate that all persons who have furnished labor in connection with the Project and subcontractors who have furnished services for the Project have been paid in full, and (2) an agreement to hold the Owner harmless against any Liens arising out of the Contractor's performance hereunder which may have been or may be filed against the Owner.

ARTICLE IV-PARTICULAR UNDERTAKINGS OF THE CONTRACTOR

Section 1. Protection to Persons and Property The Contractor shall at all times take all reasonable precautions for the safety of employees on the work and of the public, and shall comply with all applicable provisions of Federal, state, and Municipal safety laws and building and construction codes, as well as the safety rules and regulations of the Owner. All machinery and equipment and other physical hazards shall be guarded in accordance with the "Manual of Accident Prevention in Construction" of the Associated General Contractors of America unless such instructions are incompatible with Federal, State, or Municipal laws or regulations.

The following provisions shall not limit the generality of the above requirements:

- a. The Contractor shall at no time and under no circumstances cause or permit any employee of the Contractor to perform any work upon energized lines, or upon poles carrying energized lines, unless otherwise specified in accordance with Article II, Section 1, subsection g.
- b. The Contractor shall so conduct the construction of the Project as to cause the least possible obstruction of public highways.
- c. The Contractor shall provide and maintain all such guard lights and other protection for the public as may be required by applicable statutes, ordinances, and regulations or by local conditions.
- d. The Contractor shall do all things necessary or expedient to protect properly any and all parallel, converging, and intersecting lines and in the event that any such parallel, converging and intersecting lines, joint line poles highways, or other property are damaged in the course of the construction of the Project Contractor shall at its own expense restore any or all of such damaged property immediately to as good a state as before such damage occurred.
- e. Where the right-of-way of the Project traverses cultivated lands, the Contractor shall limit the movement

of his crews and equipment so as to cause as little damage as possible to crops, orchards, or property and shall endeavor to avoid marring the lands. All fences which are necessarily opened or moved during the construction of the Project shall be replaced in as good condition as they were found and precautions shall be taken to prevent the escape of livestock. Except as otherwise provided in the descriptions of underground plowing and trenching assembly units, the Contractor shall not be responsible for loss of or damage to crops, orchards, or property (other than livestock) on the right-of-way necessarily incident to the construction of the Project and not caused by negligence or inefficient operation of the Contractor. The Contractor shall be responsible for all other loss of or damage to crops, orchards, or property, whether on or off the right-of-way, and for all loss of or damage to livestock caused by the construction of the Project.

- f. The Project, from the commencement of work to completion, or to such earlier date or dates when the Owner may take possession and control in whole or in part as hereinafter provided shall be under the charge and control of the Contractor and during such period of control by the Contractor all risks in connection with the construction of the Project and the materials to be used therein shall be borne by the Contractor. The Contractor shall make good and fully repair all injuries and damages to the Project or any portion thereof under the control of the Contractor by reason of any act of God or other casualty or cause whether or not the same shall have occurred by reason of the Contractor's negligence. The Contractor shall hold the Owner harmless from any and all claims for injuries to persons or for damage to property happening by reason of any negligence on the part of the Contractor or any of the Contractor's agents or employees during the control by the Contractor of the Project or any part thereof.
- g. Any and all excess earth, rock, debris, underbrush, and other useless material shall be removed by the Contractor from the site of the Project as practicable as the work progresses.
- h. Upon violation by the Contractor of any provisions of this section, after written notice of such violation given to the Contractor by the Owner, the Contractor shall immediately correct such violation. Upon failure of the Contractor so to do the Owner may correct such violation at the Contractor's expense.
- i. The Contractor shall submit to the Owner reports of all accidents as they occur giving such data as may be prescribed by the Owner.

Section 2--Insurance. The Contractor shall take out and maintain throughout the construction period insurance in the following minimum requirements:

- a. Workmen's compensation insurance covering all employees in statutory limits who perform and of the obligations assumed by the Contractor under the Proposal.
- b. Public liability and property damage liability insurance covering all operations under the Proposal with an aggregate maximum limit no less than \$3,000,000.00.
- c. Automobile Liability insurance on all self-propelled vehicles used in connection with the contract, whether owned, nonowned, or hired; public liability Limits of not less than \$100,000 for one person and \$300,000 for each accident; property damage limit of \$10,000 for each accident .

The owner shall have the right at any time to require public liability insurance and property damage liability insurance greater than those required in subsections b and c of this Section. In any such event, the additional premium or premiums solely as the result of such additional insurance shall not be added to the contract price.

Upon request by the Owner, the Contractor shall furnish a certificate evidencing compliance with the foregoing requirements.

Section 3--Bond. If the estimated cost of the construction of a work order shall exceed \$ 25,000.00 the Contractor agrees to furnish prior to the commencement of such construction, a bond in the penal sum not less than the estimated cost of such Section in the form attached hereto with a Surety or Sureties listed by the United States Treasury Department as acceptable sureties. In the event that the Surety or Sureties on the performance bond delivered to the Owner shall at any time become unsatisfactory to the owner, the Contractor agrees to deliver to the Owner another or an additional bond.

Section 4--Delivery of Possession and Control to the Owner. upon written request of the Owner, the Contractor will deliver to the Owner full possession and control of any portion of the Project provided the Contractor shall have been paid at least ninety percent (90%) of the cost of construction of such portion. Upon such delivery of possession and control to the Owner, the risks and obligations of the Contractor as set forth in Section 1f of this Article IV with respect to such portion so delivered to the Owner, shall be terminated; Provided, however, that nothing herein contained shall relieve the Contractor of any liability with respect to defective workmanship as specified in Article II, Section 4.

ARTICLE V--REMEDIES

Section 1--Completion on Contractor's Default. If default shall be made by the Contractor or by any subcontractor in the performance of any of the terms of this Proposal, the Owner, without in any manner limiting its legal and equitable remedies in the circumstances, may serve upon the Contractor and the Surety, if any, a written notice requiring the Contractor to cause such default to be corrected forthwith. Unless within twenty (20) days after the service of such notice upon the Contractor and the Surety, If any, such default shall be corrected or arrangements for the correction thereof satisfactory to the Owner shall be made, the Owner may take over the construction of the Project and prosecute the same to completion by contract or otherwise for the account and at the expense of the Contractor, and the Contractor shall be liable to the Owner for any cost or expense in excess of the Contract price occasioned thereby. In such event the Owner may take possession of and utilize, in completing the construction of the Project, any materials, tools, supplies, equipment, appliance, and plant belonging to the Contractor or any of its subcontractors, which may be situated at the sites of the Project. The Owner in such contingency may exercise any rights, claims, or demands which the Contractor may have against third persons in connection with this Proposal and for such purpose the Contractor does hereby assign, transfer, and set over unto the owner all such rights, claims, and demands.

ARTICLES VI -- MISCELLANEOUS

Section 1 -- Patent Infringement. The Contractor will save harmless and indemnify the Owner from any and all claims, suits, and proceedings for the infringement of any patent or patents covering any equipment used in the work.

Section 2 -- Permits for Explosives. All permits necessary for the handling or use of dynamite or other explosives in connection with the construction of the Project shall be obtained by and at the expense of the Contractor.

Section 3 -- Compliance with Statutes and Regulations. The Contractor will comply with all applicable statutes, ordinances, rules, and regulations pertaining to the work. The Contractor acknowledges that it is familiar with the Rural Electrification Act of 1936, as amended, the so-called "Kick-Back" Statute (48 Stat. 948), and regulations issued pursuant thereto, and 18 U.S.C. §§287,1001, as amended. The Contractor understands that the obligations of the parties hereunder are subject to the applicable regulations and orders of Governmental agencies having jurisdiction in the premises.

Section 4 -- Equal Opportunity Provisions.

a. Contractor's Representations.

The Contractor represents that:

It has ☒, does not have ☐, 100 or more employees, and if it has, that

It has ☒, has not ☐, furnished the Equal Employment Opportunity -- Employers Information Report EEO-1, Standard Form 100, required of employers with 100 or more employees pursuant to Executive Order 11246 and Title VII of the Civil Rights Act of 1964.

The Contractor agrees that it will obtain, prior to the award of any subcontract for more than \$10,000 hereunder to a subcontractor with 100 or more employees, a statement, signed by the proposed subcontractor, that the proposed subcontractor has filed a current report on Standard Form 100.

The Contractor agrees that if it has 100 or more employees and has not submitted a report on Standard Form 100 for the current reporting year and that if this Contract will amount to more than \$10,000, the Contractor will file such report, as required by law, and notify the Owner in writing of such filing prior to the Owner's acceptance of this Proposal.

b. Equal Opportunity Clause. During the performance of this Contract, The Contractor agrees as follows:

- (1) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin. Such action will include, but not be limited to, the following: Employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this Equal Opportunity Clause.
- (2) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.
- (3) The Contractor will send each labor union or representative of workers, with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the Contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (4) The Contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- (5) The Contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- (6) In the event of the Contractor's noncompliance with the Equal Opportunity Clause of this Contract or with any of the said rules, regulations, or orders, this Contract may be cancelled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with

procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as provided by law.

- (7) The Contractor will include this Equal Opportunity Clause in every subcontract or purchase order unless exempted by the rules, regulations, or order of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, That in the event a Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the Contractor may request the United States to enter into such litigation to protect the interest of the United States.

- c. Certificate of Nonsegregated Facilities. The Contractor certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Contractor certifies further that it will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. The Contractor agrees that a breach of this certification is a violation of the Equal Opportunity Clause in this Contract. As used in this certification, the term "segregated facilities" means any waiting rooms, work areas, restrooms and washrooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. The Contractor agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity Clause, and that it will retain such certifications in its files.

Section 5 -- Franchises and Rights-of-way. The Contractor will be under no obligation to obtain or assist in obtaining any franchises, authorizations, permits, or approvals required to be obtained by the Owner from Federal, State, County, Municipal or other authority; any rights-of-way over private lands or any agreements between the Owner and third parties with respect to the joint use of poles, crossing or any other matter incident to the construction and operation of the Project.

Section 6 -- Non-assignment of Contract. The Contractor will not assign the Contract effected by an acceptance of this Proposal or any part thereof or enter into any contract with any person, firm or corporation for the performance of the Contractor's obligations thereunder, or any part thereof, with the approval in writing of the Owner.

Section 7 -- Hold Harmless. The Contractor agrees to defend, pay on behalf of and hold harmless the Owner and its directors, officers, agents, and employees from all claims of whatsoever nature or kind including those brought by employees of the Contractor or subcontractors, arising out of or as a result of any act or failure to act, whether or not negligent, in connection with the performance of the work to be performed pursuant to this Contract by the Contractor, its employees, agents, and subcontractors. The Contractor agrees to defend and pay all costs in defending these claims, including attorney fees.

Section 8 -- Definitions.

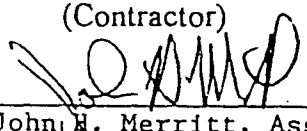
- a. The term "Owner" shall also include an engineer employed by the Owner, or a firm or engineer retained by the Owner, and designate by the Owner to act in that capacity. The Contractor will be notified in writing by the Owner of those designated to act for the Owner at the time of acceptance of this Proposal.
- b. The term "Completion of Construction" shall mean full performance by the Contractor of the Contractor's obligations under the contract and all amendments and revisions thereof relating to any Section of the Project or to the Project except the Contractor's obligations in respect of (i) Certificate of Contractor and Indemnity Agreement - Line Extensions under Article III, Section 2 hereof and (ii) the Final Inventory referred to in Article III, Section 1a hereof.
- c. The term "Completion" shall mean full performance by the Contractor of the Contractor's obligations under the Contract and all amendments and revisions thereof relating to any Section of the Project or to the Project.

Section 9 – Extension to Successors and Assigns. Each and all of the covenants and agreements contained in the Contract effected by the acceptance of the Proposal shall extend to and be binding upon the successors and assigns of the parties thereto.

FLOYD S. PIKE ELECTRICAL CONTRACTOR, INC.

(Contractor)

By

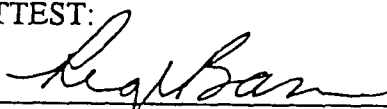

John H. Merritt, Assistant Vice President
(President)

P. O. Box 868

Mount Airy, NC 27030

(Address)

ATTEST:



(Secretary)-Treasurer
Reginald L. Banner

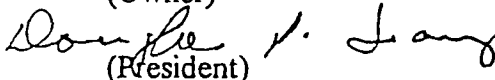
This Proposal must be signed with the full name of the Contractor. If the Contractor is a partnership the Proposal must be signed in the partnership name by a partner. If the Contractor is a corporation, the Proposal must be signed in the corporate name by a duly authorized officer and the corporate seal affixed and attested by the Secretary of the Corporation.

ACCEPTANCE

The undersigned hereby accepts the foregoing Proposal of Floyd S. Pike Electrical Contractor, Inc., Dated September 12, 1994
to construct the rural electric Project Contract Labor 1994 Distribution Line Extensions.

Jackson County Rural Electric Coop. Corp.

(Owner)


(President)

Secretary

September 12, 1994

Date of Contract

Attachment C
Photographs of Accident Site

